

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: April 12, 2004

SUBJECT: Fiscal Impact Statement: "Driver Education Program Fund Amendment Act of 2004"

REFERENCE: Draft Legislation as Introduced

Conclusion

Funds are sufficient in the FY 2004 budget and the proposed FY 2005 through FY 2008 budget and financial plan because the proposed legislation will not require additional resources to implement.

Background

The Driver Education Fund¹ was established to be the repository of funds collected by the Department of Motor Vehicles (DMV) to be later transmitted to the District of Columbia Public Schools (DCPS) for the purpose of funding operations associated with District sponsored driver education programs. It was established as a trust fund where \$5 of the total fee for issuance of each motor vehicle operating permit would be deposited into a separately audited account. DMV regularly transfers these funds to DCPS. As currently structured, the fund is a special-purpose revenue fund where funds not transferred and expended lapse to the local General Fund at the conclusion of each fiscal year.

Current District accounting practices treat the Driver Education Fund as dedicated non-tax account² commonly referred to as an "O" type fund.

¹ Title 50 § 1405.01; February 12, 1982.

² District System of Accounting and Reporting (SOAR) Fund #6221.

The proposed legislation would require that monies collected from motor vehicle fees and deposited in the Driver Education Fund be non-lapsing, and not revert to the local General Fund pursuant to act of Congress. In addition, the proposed legislation gives the DMV increased management authority over the Driver Education Fund.

Financial Plan Impact

Funds are sufficient in the FY 2004 budget and the proposed FY 2005 through FY 2008 budget and financial plan because no additional staff or resources will be required to implement the proposed legislation. Provisions of this bill would make the Driver Education Fund a legislated proprietary "O" type fund. Current CFO policy does not encourage the establishment of this type of fund if the money at issue can be managed by existing local General Fund financial management structures.

End of the year accounting for FY 2003 found that DMV collected \$556,000 from the driver permit fees. However, \$202,000 in unexpended funds lapsed to the General Fund at the conclusion of the fiscal year. First quarter FY 2004 estimates of collections are at \$133,000 indicating that annual collections could realize \$530,000 before year-end close. The table in figure 1 presents the estimated collections and transfers estimated in the District's proposed FY 2005 through FY 2008 budget and financial plan.

Figure 1.

Projected Transfer of Funds from DMV to DCPS				
(\$ in 000s)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
\$0.53	\$0.53	\$0.53	\$0.53	\$2.12

Under the provisions of the proposed legislation any unexpended funds in the Driver Education Fund would be carried over to subsequent fiscal years until fully expended.

The proposed amendment does not require beneficiaries of the Driver Education Fund to be residents of the District of Columbia³. The removal of this requirement from current law may result in a benefit to residents of other jurisdictions whose driver education is the responsibility of other government entities.

³ Title 50 § 1405.01(c).